

1926

**SEVENTY-THIRD REPORT**

of the

**Board of Directors**

of the

**Lehigh Valley Railroad Company**

to the

**Stockholders**

**For the Year Ended December 31, 1926**



# **Lehigh Valley Railroad Company**

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## **Board of Directors**

JAMES F. BELL	J. WM. ROBBINS
MORRIS L. CLOTHIER	GEORGE T. SLADE
HENRY B. COXE	WILLIAM C. SPROUL
HENRY S. DRINKER	ALFRED H. SWAYNE
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EDWARD E. LOOMIS, Ex-Officio	

## **Officers**

E. E. LOOMIS.....	PRESIDENT
J. A. MIDDLETON.....	VICE PRESIDENT—TRAFFIC
F. L. BLENDINGER.....	VICE PRESIDENT—OPERATION
G. H. FOSTER.....	ACTING VICE PRESIDENT—OPERATION
E. H. BOLES.....	VICE PRESIDENT AND GENERAL COUNSEL
C. E. HILDUM.....	VICE PRESIDENT AND COMPTROLLER
D. G. BAIRD.....	SECRETARY
A. F. BAYFIELD.....	TREASURER



1926

LEHIGH VALLEY RAILROAD COMPANY

## Seventy-third Report

Philadelphia, Pa., February 23, 1927.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith its report for the year ended December 31, 1926.

### INCOME

Total Operating Revenues .....	\$80,453,149.97
Total Operating Expenses .....	60,958,635.52
Net Operating Revenue.....	\$19,494,514.45
Railway Tax Accruals.....	\$4,193,976.29
Uncollectible Railway Revenues.....	11,800.48
Equipment Rents—Net.....	1,588,810.96
Joint Facility Rents—Net.....	102,678.01
	5,691,909.72
Net Railway Operating Income.....	\$13,802,604.73
Other Income .....	3,164,021.36
Total Income .....	\$16,966,626.09
Deductions from Income.....	6,945,513.10
Net Income .....	\$10,021,112.99

### PROFIT AND LOSS

Balance December 31, 1925.....	\$59,260,895.23
Transferred from Income.....	10,021,112.99
Miscellaneous Items—Net.....	126,535.09
	\$69,155,473.13
Dividends .....	6,060,800.00
Balance December 31, 1926.....	\$63,094,673.13

A comparative income statement in detail will be found on page 15.

## LEHIGH VALLEY RAILROAD COMPANY

## FINANCIAL

During the year the final installment of \$500,000 Collateral Trust 4 per cent. Bonds matured and was paid. As a result securities amounting to \$4,410,150, which had been under pledge as collateral, were released.

At the close of the year your Company held in its Treasury unpledged securities amounting to \$38,287,101.44, as shown on page 10, and, in addition, the following securities of its own issue:

General Consolidated Mortgage Bonds.....	\$38,071,000.00
Consolidated Real Estate Co. Bonds.....	2,600,000.00
<b>Total .....</b>	<b>\$40,671,000.00</b>

Your Company has practically no maturities of outstanding obligations to meet for the next twelve years, when an issue of \$8,500,000 becomes due, the refunding of which is provided for in the General Consolidated Mortgage.

Since September 30, 1903, the date of the General Consolidated Mortgage, expenditures of approximately \$69,000,000 have been made for Additions and Betterments to the property of your Company and for other capital purposes against which no new or additional securities have been issued.

The Bonds of the Lehigh Valley Railroad Company and its subsidiaries in the hands of the public, as of December 31, 1926, amounted to \$125,989,000, a reduction of \$477,000, compared with a year ago. The average interest rate is 4.62 per cent.

Your Company has no equipment trust obligations.

## ROAD AND EQUIPMENT

Expenditures for Additions and Betterments to road and equipment during 1926, including expenditures on properties of subsidiary companies, amounted to \$8,609,650.74.

Growth of business in the Borough of the Bronx, New York City, has made additional facilities necessary that your Company might handle its expanding traffic efficiently. Improvements are now under way at the freight terminal at 149th Street and Harlem River, which will increase its capacity from twenty-seven cars to one hundred and seventy-one cars.

Two additional inland freight stations for receiving and delivering freight in New York City were opened. This brings the number of these stations to four, which are in addition to the freight terminals of your Company located on the Hudson, East and Harlem Rivers.

Other additions to the freight handling facilities of your Company were made at Pier 8, Hudson River, New York; Claremont Terminal, Jersey City; Newark, Perth Amboy, Allentown, Wilkes-Barre, Pittston and Sayre. Construction of a new brick and concrete freight house and office building at Suspension Bridge was begun.

The new passenger station at Easton was practically completed and since the first of the year has been opened for service.

The Rochester passenger station was enlarged to provide office room for the local freight and passenger traffic representatives.

A third track, 1.38 miles long was built between Bloomsbury and West Portal. Yards at Bound Brook, Easton and Delano were enlarged by the installation of additional tracks.

Construction of a new double-track tunnel through Musconetcong Mountain, immediately south of the present tunnel, was started. The new tunnel will be 4850 feet long and will provide ample clearance for the largest locomotives and cars.

## LEHIGH VALLEY RAILROAD COMPANY

The new four-track reinforced concrete viaduct at Easton was placed in service and at other points a number of bridges were replaced with heavier ones, opening up additional branch line territory to the larger locomotives.

As a result of continued study of the advantages to be gained through the substitution of motor equipment for steam trains on branch lines and where passenger traffic demands are light, your Company added four gas-electric motor cars and five trailers to its equipment. Six additional motor cars and eight trailers have been ordered.

The 500 automobile cars, 500 steel coal cars and 100 mill type cars ordered in 1925 were received and put in service and orders were placed during the year for 500 box cars, 500 steel coal cars and 200 automobile cars.

An oil-electric locomotive for switching service in New York, purchased in 1925, was placed in operation in the Twenty-seventh Street yard, Manhattan, and another unit of the same type is on order for use at the 149th Street Terminal.

The work equipment of your Company was increased by the addition of two locomotive cranes, fifteen extension side air dump cars, twenty roadway motor cars and four trailers. Thirty-five additional dump cars have been received since the first of the year.

The New York Harbor equipment of your railroad was increased by the addition of ten gas-hoist derrick lighters used for the delivery of structural steel and other heavy freight.

The new equipment placed in service during 1926 cost a total of \$3,433,282.48 and was paid for entirely from current income.

Increased demand for telephone facilities in the conduct of your Company's business made necessary an additional trunk line between New York and Buffalo. This will be placed in service during the current year.

To insure more efficient handling of company material and supplies, the system activities of the Stores department were concentrated at Sayre and the two story brick building used for this purpose was enlarged and platforms and other facilities increased.

A two story office building was erected at the engine terminal at Lehighton.

Installation of a system of automatic train control upon the passenger division between Newark and Easton, as ordered by the Interstate Commerce Commission, to which reference was made in the last report, was completed, 150 locomotives being now equipped with the necessary devices. This installation has been inspected and approved by representatives of the Commission. The Commission's orders, which call for train control in addition to the protection afforded by automatic block signals, require that two passenger divisions be equipped and a contract has accordingly been made for putting in the device between Easton and Sayre, including the equipment of 175 engines.

## GENERAL REMARKS

Revenues from the operations of your railroad in 1926 were the greatest in its history, and net income from railway operations also was larger than in any previous year. As a result, it was possible to declare an extra dividend of 3% or \$1.50 a share in addition to the regular annual dividend of 7%.

The strike of anthracite miners which prevailed at the close of 1925, continued in January and for a part of February, materially reducing earnings from the transportation of coal. Resumption of mining, together with prosperous conditions prevailing throughout the country, enabled your Company to offset these earlier losses.

1926

**LEHIGH VALLEY RAILROAD COMPANY**

Increasing interest was manifested in the properties your Company is holding for industrial development, particularly at Tifft Farm, Buffalo, directly on Lake Erie; Fitzpatrick Farm, adjacent to Newark and at Claremont Terminal, Jersey City.

New industries located along the Lehigh Valley during the year totaled 116, ninety-one of them with direct track connections. To serve these and other manufacturing concerns which enlarged their facilities or made additions to their plants, 5.92 miles of new track were laid and 2.32 miles of new yard tracks and sidings were also constructed, a total of 8.24 miles.

One hundred and seventy track miles of new 136 lb. rail were laid during the year and at the end of the year 82.8% of your Company's main line between Jersey City and Buffalo was equipped with this rail, the heaviest used by any railroad.

Approximately 290,000 creosoted cross ties were placed in the track during the year, 11,000 of them being used in new construction and the balance in replacing old non-creosoted ties. At the end of the year, 75% of all of the ties in main, branch, and side tracks were creosoted.

Taxes of your Company in 1926 amounted to \$4,193,976.29, an increase over the preceding year of \$589,794.54.

Thanks are due the officers and employes of your Company for their faithful work during the year.

**E. E. LOOMIS,**  
President.

## INDEX TO TABLES

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Table No.	Page
Income Statement .....	3
Profit and Loss .....	3
1 General Balance Sheet.....	8-9
2 Securities Owned .....	10
3 Funded Debt and Interest.....	11
4 Guaranties and Rentals.....	11
5 Additions and Betterments.....	12
6 Equipment .....	13
7 Mileage of Road.....	14
8 Income Statement .....	15
9 Operating Revenues and Expenses.....	16
10 General Operating Results.....	17
11 General Traffic Results.....	18
12 Classification of Tonnage.....	19-20
General Remarks to Owners of Railroad Securities.....	21

1926  
LEHIGH VALLEY RAILROAD COMPANY

Table 1

GENERAL BALANCE SHEET

ASSETS		
<b>INVESTMENTS:</b>		
In road.....	(See Note below)	
In equipment.....	\$37,810,823.19 71,634,937.54	
		\$109,445,760.73
Improvements on leased railway property.....		
Sinking Funds .....		1,849,466.77
Miscellaneous physical property.....		10,450.00
Investments in affiliated companies:		
Stocks .....	\$53,520,689.28	
Bonds .....	20,856,130.00	
Advances .....	21,403,764.06	
		95,780,583.34
Other investments:		
Stocks .....	\$685,684.45	
Bonds .....	9,992,665.74	
Notes .....	1,045,748.75	
Miscellaneous .....	5,722.00	
		11,729,820.94
Total investments .....		221,419,193.09
<b>CURRENT ASSETS:</b>		
Cash .....		
Special deposits .....	\$8,752,406.67	
Loans and bills receivable.....	38,510.90	
Traffic and car-service balances receivable.....	2,152.09	
Net balance receivable from agents and conductors.....	697,946.39	
Miscellaneous accounts receivable.....	1,447,869.11	
Material and supplies.....	1,669,156.97	
Interest and dividends receivable.....	6,145,540.92	
Rents receivable .....	255,916.27	
Other current assets.....	9,572.13 275,214.22	
		19,294,285.67
Total current assets.....		
<b>DEFERRED ASSETS:</b>		
Working fund advances.....		
Insurance and other funds.....	\$27,960.15	
Other deferred assets.....	36,822.72 1,723.29	
		66,506.16
Total deferred assets.....		
<b>UNADJUSTED DEBITS:</b>		
Rents and insurance premiums paid in advance.....		
Other unadjusted debits.....	\$21,769.78 1,422,148.44	
		1,443,918.22
Total unadjusted debits.....		
<b>TOTAL ASSETS</b> .....		<b>\$242,223,903.14</b>

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment investment of the system, including transportation subsidiaries, owned by your Company, is \$247,743,517.70.

1926

## LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1926

LIABILITIES		
<b>STOCK:</b>		
Common stock.....	\$60,501,700.00	
Preferred stock.....	106,300.00	
Total stock outstanding.....		\$60,608,000.00
<b>LONG-TERM DEBT:</b>		
Funded debt.....	\$117,936,000.00	
Less—Funded debt held in treasury.....	40,686,000.00	
Total long-term debt outstanding.....		77,250,000.00
<b>CURRENT LIABILITIES:</b>		
Traffic and car-service balances payable.....	\$170,501.84	
Audited accounts and wages payable.....	6,419,275.28	
Miscellaneous accounts payable.....	529,789.17	
Interest matured unpaid.....	401,315.00	
Dividends matured unpaid.....	11,264.58	
Funded debt matured unpaid.....	15,000.00	
Unmatured dividends declared.....	2,876,488.25	
Unmatured interest accrued.....	511,408.34	
Unmatured rents accrued.....	515,067.24	
Other current liabilities.....	325,518.53	
Total current liabilities.....		11,775,628.23
<b>DEFERRED LIABILITIES:</b>		
Liability for provident funds.....	\$36,329.20	
Other deferred liabilities.....	93,636.73	
Total deferred liabilities.....		129,965.93
<b>UNADJUSTED CREDITS:</b>		
Tax liability .....	\$3,290,955.49	
Accrued depreciation—Equipment.....	23,917,341.71	
Other unadjusted credits.....	2,013,455.93	
Total unadjusted credits.....		29,221,753.13
<b>CORPORATE SURPLUS:</b>		
Additions to property through income and surplus.....	\$143,882.72	
Profit .....	63,094,673.13	
Total corporate surplus.....		63,238,555.85
<b>TOTAL LIABILITIES</b> .....		\$242,223,903.14

1926

## LEHIGH VALLEY RAILROAD COMPANY

Table 2 Statement of Securities of Affiliated Operated Companies Owned, December 31, 1926

KIND	PAR VALUE		
	PLEDGED	UNPLEDGED	TOTAL
<b>STOCKS:</b>			
Bay Shore Connecting Railroad Co.		\$27,900.00	\$27,900.00
Delaware, Susquehanna & Schuylkill Rail Road Co.		1,500,000.00	1,500,000.00
Easton & Northern Railroad Co.	* \$565,000.00		565,000.00
Lehigh & New York Railroad Co.—Preferred	* 3,353,130.00		3,353,130.00
Lehigh & New York Railroad Co.—Common	* 155,100.00		155,100.00
Lehigh Valley Harbor Terminal Railway Co.		100,000.00	100,000.00
Lehigh Valley Railroad Co. of New Jersey	* 20,433,000.00		20,433,000.00
Lehigh Valley Rail Way Co.	* 11,745,000.00		11,745,000.00
Loyalsock Railroad Co.	* 825,000.00		825,000.00
Montrose Railroad Co.		100,000.00	100,000.00
Pennsylvania & New York Canal & Railroad Co.	* 1,511,550.00		1,511,550.00
Schuylkill & Lehigh Valley Railroad Co.	* 500,000.00		500,000.00
Miscellaneous		8,500.00	8,500.00
Total	\$39,087,780.00	\$1,736,400.00	\$40,824,180.00
<b>BONDS:</b>			
Easton & Northern Railroad Co., First Mortgage		\$250,000.00	\$250,000.00
Easton & Northern Railroad Co., Debentures	* \$23,000.00		23,000.00
Greenville & Hudson Railway Co., First Mortgage		350,000.00	350,000.00
Irvington Railroad Co., First Mortgage		125,000.00	125,000.00
Lehigh-Buffalo Terminal Railway Corp'n, First Mortgage		5,000,000.00	5,000,000.00
Lehigh Valley Railroad Co. of New Jersey, Debentures	* 3,310,000.00		3,310,000.00
Lehigh Valley Rail Way Co., Debentures	* 6,643,000.00		6,643,000.00
Lehigh Valley Terminal Railway Co., First Mortgage		1,000.00	1,000.00
Loyalsock Railroad Co., Debentures	* 35,000.00		35,000.00
Middlesex Valley Railroad Co., First Mortgage		410,000.00	410,000.00
Montrose Railroad Co., First Mortgage		100,000.00	100,000.00
Montrose Railroad Co., Debentures		12,000.00	12,000.00
Penna. & New York Canal & Railroad Co., Debentures		1,640,000.00	1,640,000.00
Rochester Southern Railroad Co., First Mortgage		425,000.00	425,000.00
Schuylkill & Lehigh Valley Railroad Co., First Mortgage		2,000,000.00	2,000,000.00
Schuylkill & Lehigh Valley Railroad Co., Debentures	* 6,000.00		6,000.00
Seneca County Railway, First Mortgage		500,000.00	500,000.00
Total	\$11,657,000.00	\$9,173,000.00	\$20,830,000.00
Grand Total	\$50,744,780.00	\$10,909,400.00	\$61,654,180.00
Book Value of the above securities	\$47,819,538.78	\$10,909,400.00	\$58,728,938.78

NOTE.—As the income from the operation of these properties is included in the Income Account of the Lehigh Valley Railroad Co., no dividends or interest are received on these securities.

## Statement of Other Securities Owned

KIND	PAR VALUE			DIVIDENDS AND INTEREST
	PLEDGED	UNPLEDGED	TOTAL	
<b>STOCKS:</b>				
Buffalo Creek Railroad Co.		\$125,000.00	\$125,000.00	\$8,750.00
Coxe Bros. & Co., Incorporated		2,910,150.00	2,910,150.00	1,517,365.27
Highland Coal Co.		120,000.00	120,000.00	12,000.00
Ironhton Railroad Co.		400,000.00	400,000.00	
Lehigh & Hudson River Railway Co.		572,800.00	572,800.00	68,736.00
National Storage Co.		2,400,000.00	2,400,000.00	
New York & Middle Coal Field Railroad & Coal Co.		1,216,325.00	1,216,325.00	50,000.00
Wyoming Valley Water Supply Co.		1,686,900.00	1,686,900.00	75,000.00
Miscellaneous		5,327.45	5,327.45	8,360.00
Total		\$9,436,502.45	\$9,436,502.45	\$1,740,211.27
<b>BONDS:</b>				
Baltimore and Ohio Railroad Co., Ten Year Secured 6%		\$435,000.00	\$435,000.00	\$26,100.00
Chicago, St. Paul, Minn. & Omaha Rwy. Co., Consolidated Mortgage 6%		233,000.00	233,000.00	13,980.00
Cleveland, Cinn., Chicago & St. Louis R. R. Co., 4 1/4% and 6%		469,000.00	469,000.00	26,265.00
Eric Railroad Co., Consolidated External 7%		250,000.00	250,000.00	17,500.00
Government of Argentine Nation, Five Year 7%		200,000.00	200,000.00	14,000.00
New York State Realty and Terminal Co., 4 1/4% Mortgage		300,000.00	300,000.00	13,500.00
Pennsylvania R. R. Co., Ten Year Secured 7% Gold		225,000.00	225,000.00	15,750.00
Province of Alberta, Debenture 5 1/2%		200,000.00	200,000.00	11,000.00
South Carolina & Georgia Rwy. Co., First Mortgage 5 1/2%		175,000.00	175,000.00	9,625.00
Southern Pacific R. R. Co., Twenty Year Convertible 4% Gold		600,000.00	600,000.00	24,000.00
St. Louis & San Francisco Rwy. Co., Prior Lien 6%		527,000.00	527,000.00	31,620.00
U. S. Gov't. Liberty Loan 4 1/4%		4,400,000.00	4,400,000.00	187,000.00
Equipment Trust Certificates		965,000.00	965,000.00	59,270.00
Bank Acceptances		996,951.72	996,951.72	
Miscellaneous		974,900.00	974,900.00	48,740.80
Interest Received on Bonds Sold				13,376.68
Total		\$10,950,851.72	\$10,950,851.72	
Other Securities		\$5,722.00	\$5,722.00	
Total Bonds and Other Securities		\$10,956,573.72	\$10,956,573.72	† \$511,727.48
Grand Total		\$20,393,076.17	\$20,393,076.17	\$2,251,938.75
Book Value of the above securities		\$27,377,701.44	\$27,377,701.44	

\* Pledged under Lehigh Valley Railroad Company General Consolidated Mortgage of Sept. 30, 1903.

† Total interest received on Bonds and Other Securities \$511,727.48 does not agree with the Income from Funded Securities as shown on the Income Statement, Page 15, inasmuch as "Interest during Construction," \$58,345.27 is not included in this table.

The book value of the securities \$86,106,640.22 is carried on the balance sheet as follows:

Investments in Affiliated Companies—Stocks and Bonds..... \$74,376,819.28  
Other Investments—Stocks, Bonds, Notes and Miscellaneous..... \$11,729,820.94

LEHIGH VALLEY RAILROAD COMPANY  
Statement of Funded Debt, December 31, 1926

Table 3

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OF THE COMPANY OR PLEDGED	INTEREST	
				RATE	PAYABLE
LEHIGH VALLEY RAILROAD COMPANY:					
First Mortgage Bonds.....	May 15, 1868	June 1, 1948	\$5,000,000	4%	June and Dec.
First Mortgage Bonds.....	Nov. 13, 1873	Perpetual	10,062,000	6%	June and Dec.
Consolidated Mortgage Bonds.....		Perpetual	2,538,000	4½%	June and Dec.
*General Consolidated Mortgage Bonds.....	Sept. 30, 1903	May 1, 2003	26,953,000	4½%	May and Nov.
			20,697,000	4½%	May and Nov.
			12,000,000	5%	May and Nov.
Collateral Trust Bonds.....	Nov. 1, 1905			4%	Feb. and Aug.
CONSOLIDATED REAL ESTATE COMPANY:					
First Mortgage Bonds.....	Feb. 1, 1906	Feb. 1, 1956	2,600,000	4%	Feb. and Aug.
Total Funded Debt and Interest.....			\$40,686,000		
			\$77,250,000		
					\$3,529,005.00

\*Amount of authorized issue, \$150,000,000.

†\$15,000 pledged with Girard Trust Co.

‡Excludes interest on securities in the Treasury.

Guarantees and Rentals, Year Ended December 31, 1926

Table 4

GUARANTEES	DATE OF ISSUE	DATE OF MATURITY	IN HANDS OF THE PUBLIC	GUARANTEES AND RENTALS	
				RATE	PAYABLE
ENTIRE CAPITAL STOCK OWNED:					
Lehigh Valley Terminal Railway Co., First Mortgage Bonds.....	Oct. 1, 1891	Oct. 1, 1941	\$9,999,000	5%	April and Oct.
Easton & Northern Railroad Co., First Mortgage Bonds.....	Oct. 7, 1895	Nov. 1, 1935	50,000	4½%	May and Nov.
Penna. & N. Y. Canal & Railroad Co., Consolidated Mortgage Bonds	Nov. 13, 1888	April 1, 1939	{ 4,000,000	5%	April and Oct.
			1,500,000	4½%	April and Oct.
			3,000,000	4%	April and Oct.
The Lehigh Valley Rail Way Co., First Mortgage Bonds.....	June 23, 1890	July 1, 1940	15,000,000	4½%	Jan. and July
Middlesex Valley Railroad Co., First Mortgage Bonds.....	Aug. 26, 1892	Nov. 1, 1942	190,000	5%	May and Nov.
The Lehigh & Lake Erie Railroad Co., First Mortgage Bonds.....	Mar. 1, 1907	Mar. 1, 1957	3,000,000	4½%	Mar. and Sept.
Lehigh Valley Harbor Terminal Railway Co., First Mortgage Bonds.....	Feb. 1, 1924	Feb. 1, 1954	10,000,000	5%	Feb. and Aug.
MAJORITY CAPITAL STOCK OWNED:					
Lehigh & New York Railroad Co., First Mortgage Bonds.....	Aug. 24, 1895	Sept. 1, 1945	2,000,000	4%	Mar. and Sept.
Total.....			\$48,739,000		
RENTALS—LINES NOT OWNED:					
State Line and Sullivan Railroad Co.....					40,000.00
Raritan Terminal and Transportation Co.....					2,000.00
New York Central Railroad Co.....					10,839.45
Total Interest and Rentals.....					\$2,342,039.45

1926

## LEHIGH VALLEY RAILROAD COMPANY

## ADDITIONS AND BETTERMENTS, ENTIRE SYSTEM, YEAR ENDED

DECEMBER 31, 1926

Table 5

	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering .....	\$53,121.21	\$280.00	\$52,841.21
Land for transportation purposes.....	947,124.54	9,343.98	937,780.56
Grading .....	816,135.42	11,700.75	804,434.67
Tunnels and subways.....	241,253.36	.....	241,253.36
Bridges, trestles and culverts.....	227,921.13	3,628.00	224,293.13
Ties .....	32,658.14	9,034.25	23,623.89
Rails .....	502,467.17	13,511.21	488,955.96
Other track material.....	402,431.75	19,414.08	383,017.67
Ballast .....	126,230.48	2,069.28	124,161.20
Track laying and surfacing.....	125,439.55	33,221.84	92,217.71
Right of way fences.....	43.94	.....	43.94
Crossings and signs.....	50,426.58	3,917.67	46,508.91
Station and office buildings.....	506,091.98	158,198.02	347,893.96
Roadway buildings.....	33,576.44	1,270.00	32,306.44
Water stations.....	16,108.17	.....	16,108.17
Shops and engine houses.....	159,590.39	23,066.00	136,524.39
Grain elevators.....	875.90	.....	875.90
Wharves and docks.....	163,477.68	.....	163,477.68
Coal and ore wharves.....	19,231.37	24,007.82	4,776.45
Telegraph and telephone lines.....	35,053.15	.....	35,053.15
Signals and interlockers.....	227,304.03	13,973.99	213,330.04
Power transmission systems.....	5,556.41	.....	5,556.41
Power distribution systems.....	5,353.59	.....	5,353.59
Power line poles and fixtures.....	3,560.25	.....	3,560.25
Underground conduits .....	226.15	.....	226.15
Miscellaneous structures .....	932.86	.....	932.86
Roadway machines .....	31,416.25	300.00	31,116.25
Assessments for public improvements.....	23,978.13	299.16	23,678.97
Shop machinery .....	7,492.74	7,738.54	245.80
Power plant machinery.....	13,371.38	3,682.21	17,053.59
Steam locomotives .....	110,741.08	561,747.22	451,006.14
Other locomotives .....	61,000.00	.....	61,000.00
Freight train cars.....	2,889,390.09	773,728.97	2,115,661.12
Passenger train cars.....	198,611.30	89,458.63	109,152.67
Motor equipment of cars.....	127,469.55	.....	127,469.55
Floating equipment .....	215,000.00	45,277.86	169,722.14
Work equipment.....	142,868.40	207,084.68	64,216.28
Miscellaneous equipment .....	14,655.85	5,625.92	9,029.93
General expenditures .....	98,207.09	.....	98,207.09
Total .....	\$8,609,650.74	\$2,021,580.08	\$6,588,070.66

1926  
**LEHIGH VALLEY RAILROAD COMPANY**  
**EQUIPMENT (Entire System) AS OF DECEMBER 31, 1926**

Table 6

<b>LOCOMOTIVES: (Includes one oil-electric switch engine)</b>	
Tractive power (pounds).....	928 39,888,178
<b>PASSENGER EQUIPMENT:</b>	
Passenger .....	240
Combined passenger and baggage .....	44
Combined passenger and baggage (Gasoline Motor).....	2
Combined passenger and baggage (Gasoline-Electric Motor).....	5
Combined passenger and mail (Gasoline-Electric Motor).....	1
Combined baggage and mail .....	21
Combined baggage and mail (Gasoline-Electric Motor).....	2
Baggage and express.....	170
Baggage and express (Gasoline-Electric Motor).....	1
Dining .....	15
Kitchen .....	1
Library buffet.....	3
Milk .....	152
Total .....	<b>657</b>
<b>FREIGHT EQUIPMENT:</b>	
Box .....	11,340
Coal .....	14,229
Gondola .....	2,726
Flat .....	35
Refrigerator .....	491
Automobile .....	1,160
Ice .....	376
Well .....	9
Set of gun and armor trucks.....	1
Caboose .....	439
Total .....	<b>30,806</b>
<b>WORK EQUIPMENT:</b>	
Air-brake instruction.....	1
Air-dump .....	115
Ash .....	540
Box .....	1
Coal .....	69
Derrick .....	36
Flat .....	38
Gondola .....	516
Grading .....	15
Hoister .....	1
Hospital .....	2
Locomotive cranes.....	46
Official .....	5
Pile driver.....	2
Poling .....	2
Scale-test .....	3
Snow flangers.....	20
Snow plows.....	10
Spreader .....	4
Steam shovels.....	2
Tank .....	3
Tool .....	31
Tunnel .....	4
Unloader .....	1
Workmen's .....	270
Work equipment tenders.....	27
Total .....	<b>1,764</b>
<b>FLOATING EQUIPMENT:</b>	
Tugs .....	16
Steam lighters.....	4
Hoists .....	26
Barges .....	170
Car floats.....	32
Service boats.....	11
Total .....	<b>259</b>

1926

## LEHIGH VALLEY RAILROAD COMPANY

## MILEAGE OF ROAD AND TRACK OPERATED, DECEMBER 31, 1926

Table 7

## By Corporate Ownership

	MILES OF ROAD	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	INDUS- TRIAL TRACK MILES	YARD TRACKS & SIDINGS MILES	TOTAL TRACK MILES
LEHIGH VALLEY RAILROAD COMPANY.....	278.66	186.99	43.79	29.99	112.60	258.16	910.19
CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK:							
Lehigh Valley Railroad Company of New Jersey.....	121.81	91.16	38.14	18.25	51.65	237.32	558.33
Pennsylvania and New York Canal and Railroad Company.....	123.56	97.94	4.78	2.03	54.05	186.98	469.34
The Lehigh Valley Rail Way Company.....	514.91	197.50	15.82	.....	34.98	314.53	1,077.74
The Delaware, Susquehanna and Schuylkill Rail Road Company.....	10.70	8.03	.....	.....	13.12	3.81	35.66
Easton & Northern Railroad Company.....	12.78	.....	.....	.....	3.98	1.24	18.00
The Schuylkill and Lehigh Valley Railroad Company.....	41.84	.....	.....	.....	3.08	5.15	50.07
Loyalsock Railroad Company.....	44.95	.....	.....	.....	4.41	5.27	54.63
Montrose Railroad Company.....	27.36	.....	.....	.....	1.50	2.26	31.12
National Storage Company.....	.....	.....	.....	.....	.76	7.85	8.61
Lehigh Valley Harbor Terminal Railway Company.....	.....	.....	.....	.....	.....	10.99	10.99
Total .....	897.91	394.63	58.74	20.28	167.53	775.40	2,314.49
CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK AND LEASE:							
Lehigh and New York Railroad Company.....	115.37	.....	.....	.....	8.70	32.03	156.10
OPERATED UNDER LEASE:							
State Line and Sullivan Railroad Company.....	24.03	.....	.....	.....	1.00	2.68	27.71
Hayts Corners, Ovid and Willard Railroad Company.....	2.98	.....	.....	.....	.20	.....	3.18
New York Central Railroad Company.....	.....	.....	.....	.....	.....	12.65	12.65
Raritan Terminal and Transportation Company.....	.....	.....	.....	.....	.60	.....	.60
Total .....	27.01	.....	.....	.....	1.80	15.33	44.14
OPERATED UNDER AGREEMENT JOINTLY WITH THE CENTRAL RAILROAD COMPANY OF NEW JERSEY:							
Bay Shore Connecting Railroad Company.....	.....	.....	.....	.....	2.82	.....	2.82
TRACKAGE RIGHTS:							
Pennsylvania Railroad Company.....	20.14	18.30	.....	.....	.....	.....	38.44
Peoples Railway Company.....	3.47	.....	.....	.....	.....	.....	3.47
Delaware and Hudson Company.....	.....	.....	.....	.....	.....	.....	3.94
Erie and Wyoming Valley Railroad Company.....	.....	.....	.....	.....	.....	.....	3.94
Lehigh and New England Railroad Company.....	.....	.88	.....	.....	.....	.....	.88
Susquehanna and New York Railroad Company.....	4.01	.....	.....	.....	.....	1.18	1.18
Mountain Spring Water Ice Company.....	.....	.....	.....	.....	.....	.....	4.01
John C. Haddock Estate.....	.....	.....	.....	.....	.84	.....	.84
Middle Lehigh Coal Company.....	.....	.....	.....	.....	.50	.....	.50
Central Railroad Company of New Jersey.....	.....	.....	.....	.....	2.42	.....	2.42
New York, Ontario and Western Railroad Company.....	.10	.....	.....	.....	1.00	.08	1.08
Western New York and Pennsylvania Railway Company.....	.....	.....	.....	.....	.....	.34	.34
Erie Railroad Company.....	.....	.....	.....	.....	.....	1.52	1.52
New York Central Railroad Company.....	17.30	15.09	1.48	.....	27.57	24.06	85.50
Buffalo Creek Railroad Company.....	.....	.....	.....	.....	.....	5.93	5.93
Total .....	45.02	34.27	1.48	.....	32.33	37.05	150.15
Grand Total.....	1,363.97	615.89	104.01	50.27	325.78	1,117.97	3,577.89
MILEAGE BY STATES:							
Pennsylvania .....	573.15	293.79	48.57	32.02	198.50	470.70	1,616.73
New York .....	651.86	213.79	17.30	.....	71.54	392.40	1,346.89
New Jersey .....	138.96	108.31	38.14	18.25	55.74	254.87	614.27
Total .....	1,363.97	615.89	104.01	50.27	325.78	1,117.97	3,577.89

## LEHIGH VALLEY RAILROAD COMPANY

## INCOME STATEMENT

For the Years Ended December 31, 1926 and 1925

Table 8

	1926	PER CENT. OF OPERATING REVENUES	1925	PER CENT. OF OPERATING REVENUES	INCREASE	DECREASE
AVERAGE MILES OF ROAD OPERATED.....	1,363.76	.....	1,370.26	.....	.....	6.50
OPERATING REVENUES:						
Anthracite coal freight revenue.....	\$22,870,174.69	28	\$17,888,895.98	24	\$4,981,278.71	.....
Bituminous coal freight revenue.....	4,274,315.89	3	4,157,064.14	55	577,919.73	.....
Merchandise freight revenue.....	4,658,101.43	52	8,034,040.35	11	481,037.29	\$97,993.39
Passenger revenue.....	7,956,046.96	10	3,052,265.12	—	2,504.68	81,476.90
Mail revenue .....	307,769.80	—	1,444,284.76	2	177,678.77	18,371.99
Express revenue .....	1,362,807.86	2	2,715,049.96	4	.....	.....
Other transportation revenue.....	2,822,728.73	4	1,183,56.60	2	.....	.....
Incidental revenue .....	1,171,204.61	1	.....	.....	.....	.....
Total Operating Revenues.....	\$80,453,149.97	100	\$74,430,573.07	100	\$6,022,576.90	.....
OPERATING EXPENSES:						
Maintenance of way and structures.....	\$9,176,528.61	11	\$8,574,786.96	21	\$601,741.65	.....
Maintenance of equipment.....	17,190,979.84	21	15,910,834.35	21	1,280,145.49	.....
Traffic expenses .....	1,573,920.64	2	1,491,867.65	2	1,82,052.99	.....
Transportation expenses .....	30,935,757.84	39	29,361,230.40	39	1,575,537.44	.....
Miscellaneous operations .....	421,508.41	—	373,224.30	1	48,234.11	\$161,146.02
General expenses .....	1,674,231.55	2	1,735,377.61	2	.....	310.30
Transportation for investment—Cr.....	14,291.41	—	13,981.11	—	.....	.....
Total Operating Expenses.....	\$60,958,635.52	76	\$37,433,390.16	77	\$3,525,245.36	.....
NET OPERATING REVENUE.....	\$19,494,514.45	.....	\$16,997,182.91	.....	\$2,497,331.54	.....
DEDUCTIONS FROM REVENUE:						
Railway tax accruals .....	\$4,193,976.29	—	\$3,604,181.75	—	\$589,794.54	.....
Uncollectible railway revenues .....	11,800.48	—	1,400.52	—	\$5,600.04	.....
Equipment rents—net .....	1,588,310.96	—	1,154,456.14	—	434,344.82	.....
Joint facility rents—net .....	102,378.01	—	273,835.37	—	171,157.36	.....
NET RAILWAY OPERATING INCOME.....	\$13,802,604.73	.....	\$12,494,979.87	.....	\$1,307,624.86	.....
OTHER INCOME:						
Misc. non-operating physical property .....	\$233,756.90	—	\$288,395.82	—	\$54,638.92	.....
Separately operated properties—profit .....	374,396.43	—	209,588.95	—	.....	.....
Dividend income .....	1,740,211.27	—	1,251,158.65	—	\$164,847.48	.....
Income from funded securities .....	570,072.75	—	488,056.77	—	489,032.62	.....
Income from unfunded securities and accounts .....	199,142.71	—	193,110.89	—	82,015.98	.....
Miscellaneous income .....	46,441.30	—	61,960.81	—	6,031.82	.....
Total Other Income.....	\$3,164,021.36	.....	\$2,492,231.89	.....	\$67,178.47	.....
Total Income .....	\$16,966,626.09	.....	\$14,987,211.76	.....	\$1,979,414.33	.....
DEDUCTIONS FROM INCOME:						
Rent for leased roads .....	\$2,342,039.45	—	\$2,345,825.21	—	\$23,163.48	.....
Miscellaneous rents .....	321,659.41	—	298,495.23	—	147,728.34	.....
Miscellaneous tax accruals .....	534,713.34	—	386,985.55	—	23,582.56	.....
Interest on funded debt .....	3,529,005.00	—	3,525,587.36	—	3,333.78	.....
Interest on unfunded debt .....	184,971.68	—	36,457.44	—	135,324.79	.....
Miscellaneous income charges .....	.....	—	320,296.47	—	.....	.....
Total Deductions from Income.....	\$6,945,513.10	.....	\$6,940,648.17	.....	\$4,864.93	.....
Net Income .....	\$10,021,112.99	.....	\$8,046,563.59	.....	\$1,974,549.40	.....

## LEHIGH VALLEY RAILROAD COMPANY

Operating Revenues and Expenses, by Months, for the Year Ended December 31, 1926

## RAILWAY OPERATING REVENUES

Table 9

Months	Coal Freight	Merchandise Freight	Passenger	Mail	Express	Other Passenger Train	Other Transportation	Incidental	Total Railway Operating Revenues
January .....	\$304,786.80	\$2,932,349.48	\$597,153.59	\$24,872.37	\$84,416.89	\$149,053.99	\$27,109.82		\$4,208,190.56
February .....	750,833.61	2,951,612.39	553,324.47	24,846.24	80,336.87	137,121.52	36,284.98		74,952.56
March .....	2,427,521.24	3,690,016.12	550,980.38	24,792.92	126,518.04	156,965.58	74,793.35	100,275.96	7,151,863.59
April .....	2,307,623.18	3,440,207.47	635,847.96	21,594.93	129,928.44	157,778.55	72,799.06	90,166.99	6,861,946.58
May .....	2,424,150.75	3,565,014.41	663,240.04	24,782.42	118,279.00	177,406.78	92,279.29	78,742.34	7,143,895.03
June .....	2,738,448.12	3,499,302.56	696,825.43	24,312.69	123,282.78	186,034.04	76,036.20	100,415.39	7,444,657.21
July .....	2,681,222.48	3,379,095.52	792,776.86	24,687.99	106,745.35	170,661.22	78,400.67	101,849.42	7,335,439.51
August .....	2,547,439.08	3,523,807.38	82,777.24	24,774.42	109,712.31	168,854.79	80,005.90	99,066.49	7,426,447.61
September .....	2,376,134.30	3,662,270.43	740,118.14	24,779.66	119,565.50	137,480.20	70,850.88	134,200.22	7,265,399.33
October .....	2,581,821.52	3,912,696.03	601,059.33	26,398.24	128,348.00	139,445.53	96,033.75	104,267.11	7,590,068.51
November .....	1,871,879.81	3,682,670.13	577,376.95	24,754.64	117,170.68	142,036.55	156,206.99	99,670.16	6,671,765.91
December .....	2,132,629.69	3,399,059.51	654,566.57	31,173.28	118,504.00	147,816.34	161,263.75	99,150.35	6,744,163.49
Total .....	\$25,144,490.58	\$41,638,101.43	\$7,936,046.96	\$307,769.80	\$1,362,807.86	\$1,870,664.09	\$1,022,064.64	\$1,171,204.61	\$80,453,149.97

Months	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Transportation	Miscellaneous Operations	General	Transportation for Investment—Cr.	/ Total Railway Expenses	Net Revenue From Railway Operations
January .....	\$674,231.45	\$1,162,156.01	\$121,883.78	\$2,343,887.25	\$30,140.22	\$135,329.50	\$433.76	\$4,467,194.45	\$259,003.89
February .....	588,654.32	1,181,348.01	120,256.65	2,312,529.20	29,275.34	134,442.49	806.63	4,365,718.38	243,594.26
March .....	701,908.64	1,454,566.97	120,256.28	2,772,527.55	29,007.59	137,291.06	270.08	4,216,518.01	1,935,345.58
April .....	588,786.45	1,315,317.72	128,607.09	2,582,198.99	31,898.10	141,371.09	1,058.75	4,787,120.69	2,074,825.89
May .....	679,290.43	1,319,929.60	131,913.53	2,552,951.87	34,644.01	140,813.85	186.65	4,859,356.64	2,284,538.39
June .....	837,904.23	1,624,410.15	139,999.16	2,496,538.74	40,025.83	140,463.75	1,151.23	5,278,190.63	2,166,466.58
July .....	901,638.96	1,455,583.58	134,962.31	2,500,583.95	39,454.81	140,056.31	3,281.77	5,168,998.15	2,166,441.36
August .....	861,542.82	1,552,593.30	134,998.78	2,507,736.05	40,962.85	139,519.54	730.71	5,236,624.63	2,189,822.98
September .....	933,911.74	1,518,036.82	134,378.55	2,574,533.08	40,786.86	139,940.84	1,180.64	5,340,407.25	1,924,992.08
October .....	773,083.96	1,594,198.54	134,756.05	2,747,769.43	35,843.69	140,943.29	1,941.66	5,424,653.30	2,165,415.21
November .....	792,829.18	1,484,332.64	134,860.40	2,699,933.50	33,878.37	140,340.78	837.53	5,285,357.34	1,386,408.57
December .....	842,746.43	1,528,454.50	137,029.06	2,844,268.23	34,690.74	143,719.09	2,412.00	5,528,496.05	1,215,667.44
Total .....	\$9,176,528.61	\$17,190,979.84	\$1,573,920.64	\$30,935,757.84	\$421,508.41	\$1,674,231.59	\$14,291.41	\$60,958,635.52	\$19,494,514.45

1926

## LEHIGH VALLEY RAILROAD COMPANY

General Operating Results for the Years Ended December 31, 1926 and 1925

Table 10

	1926	1925	INCREASE OR DECREASE	PER CENT.
<b>TRAIN AND LOCOMOTIVE MILEAGE</b>				
Revenue freight train miles—locomotive.....	7,142,993	6,805,671	337,322	4.96
Revenue passenger train miles—locomotive.....	3,474,200	3,645,750	171,550	4.71
Revenue milk and express train miles—locomotive.....	1,039,292	1,046,242	6,950	.66
Revenue mixed train miles—locomotive.....	98,900	100,922	2,022	2.00
Revenue special train miles—locomotive.....	6,067	4,147	1,920	46.30
Revenue special train miles—locomotive.....	11,761,452	11,602,732	158,720	1.37
Total revenue service train miles—locomotive.....	1,366	316	1,050	332.28
Revenue freight train miles—motor.....	245,422	55,663	189,759	340.91
Revenue passenger train miles—motor.....	42,272	2,960	39,312	1,328.11
Revenue mixed train miles—motor.....	289,060	58,939	230,121	390.44
Total revenue service train miles—motor.....	12,050,512	11,661,671	388,841	3.33
Total revenue service train miles.....	1,702,986	1,647,987	54,999	3.34
Helping and light freight locomotive miles.....	564,742	528,833	35,909	6.79
Helping and light passenger locomotive miles.....	7,023	6,592	431	6.54
Helping and light mixed locomotive miles.....	1,447	281	1,166	414.95
Helping and light special locomotive miles.....	14,037,650	13,786,425	251,225	1.82
Total revenue service locomotive miles, excluding switching and motor	5,664,370	5,341,660	322,710	6.04
Switching locomotive miles.....	19,702,020	19,128,085	573,935	3.00
Total revenue service locomotive miles, excluding motor.....	808,001	805,925	2,076	.26
Non-revenue service locomotive miles.....				
Per cent. helping and light of revenue service locomotive miles, excluding switching and motor.....	16.21	15.84	.37	2.34
<b>CAR MILEAGE</b>				
Freight car mileage—loaded .....	224,093,253	212,375,141	11,718,112	5.52
Freight car mileage—empty .....	120,122,769	109,922,132	10,200,637	9.28
Freight car mileage—caboose .....	7,547,269	7,298,723	248,546	3.41
Total freight car miles.....	351,763,291	329,595,996	22,167,295	6.73
Average number of loaded freight cars per train.....	30.92	30.73	.19	.62
Average number of empty freight cars per train.....	16.57	15.91	.66	4.15
Average number of all freight cars per train.....	47.49	46.64	.85	1.82
Per cent. loaded of total car miles.....	63.71	64.44	.73	1.13
Per cent. empty of total car miles.....	34.15	33.35	.80	2.40
Per cent. caboose of total car miles.....	2.14	2.21	.07	3.17
Passenger car miles—including Pullman.....	19,094,086	18,751,866	342,220	1.82
Baggage, dining, mail, express and milk car miles.....	17,465,486	17,869,196	403,710	2.26
Total passenger car miles.....	36,559,572	36,621,062	61,490	.17
Average number of passenger train cars per passenger train .....	7.65	7.69	.04	.52
Special revenue service car miles.....	53,342	21,158	32,184	152.11
Non-revenue service car miles.....	1,225,619	1,061,779	163,840	15.43

1926

## LEHIGH VALLEY RAILROAD COMPANY

Table 11

General Traffic Results for the Years Ended December 31, 1926 and 1925

	1926	1925	INCREASE OR Decrease	PER CENT.
Average miles of road operated.....	1,363.76	1,370.26	6.50	.47
<b>FREIGHT TRAFFIC</b>				
Tons of revenue freight carried.....	31,987,676	28,090,749	3,896,927	13.87
Tons of company freight carried.....	2,859,899	2,727,929	131,970	4.84
Tons of all freight carried.....	34,847,575	30,818,678	4,028,897	13.07
Tons of revenue coal carried one mile.....	2,070,191,458	1,587,914,165	482,277,293	30.37
Tons of revenue merchandise carried one mile.....	3,707,401,251	3,830,053,372	122,652,121	3.20
Tons of company freight carried one mile.....	188,179,219	170,376,588	17,802,631	10.45
Tons of all freight carried one mile.....	5,965,771,928	5,588,344,125	377,427,803	6.75
Tons of revenue freight carried one mile per mile of road.....	4,236,517	3,953,970	282,547	7.15
Average distance revenue freight carried—in miles.....	180.62	192.87	12.25	6.35
Revenue from freight.....	\$66,782,592.01	\$60,742,356.28	\$6,040,235.73	9.94
Average revenue per ton carried .....	\$2.08-776	\$2.16-236	\$.07-460	3.45
Average revenue per ton per mile—in cents.....	1.156	1.121	.035	3.12
Freight revenue per mile of road operated.....	\$48,969.46	\$44,329.07	\$4,640.39	10.47
Freight revenue per revenue freight train mile.....	\$9.19-857	\$8.81-105	\$.38-752	4.40
Tons of revenue freight per revenue freight train.....	795.80	785.91	9.89	1.26
Tons of all freight per revenue freight train.....	821.72	810.62	11.10	1.37
Tons of all freight hauled per revenue service locomotive, excluding switching miles.....	666.43	652.75	13.68	2.10
Average number of tons of all freight in each loaded car.....	26.62	26.31	.31	1.18
<b>PASSENGER TRAFFIC</b>				
Revenue passengers carried .....	3,722,319	4,040,013	317,694	7.86
Revenue passengers carried one mile.....	271,921,702	273,152,655	1,230,953	.45
Revenue passengers carried one mile per mile of road.....	199,391	199,344	47	.02
Average distance carried—in miles.....	73.05	67.61	5.44	8.05
Revenue from passengers.....	\$7,936,046.96	\$8,034,040.35	\$97,993.39	1.22
Average revenue per passenger—in cents.....	213.202	198.862	14.340	7.21
Average revenue per passenger per mile—in cents.....	2.919	2.941	.022	.75
Average revenue from passengers per passenger train mile (excluding milk and express).....	\$2.11-908	\$2.16-120	\$.04-212	1.95
Passenger service train revenue .....	\$11,477,288.71	\$11,753,130.72	\$275,842.01	2.35
Passenger service train revenue per mile of road.....	\$8,415.92	\$8,577.30	\$161.38	1.88
Passenger service train revenue per train mile (including milk and express).....	\$2.39-893	\$2.46-726	\$.06-833	2.77
Average revenue passengers per car .....	14	15	1	6.67
Average revenue passengers per train (including mixed).....	73	73	.....	.....
<b>REVENUES AND EXPENSES</b>				
Freight and passenger revenue .....	\$74,718,638.97	\$68,776,396.63	\$5,942,242.34	8.64
Freight and passenger revenue per mile of road.....	\$54,788.70	\$50,192.22	\$4,596.48	9.16
Total operating revenues .....	\$80,453,149.97	\$74,430,573.07	\$6,022,576.90	8.09
Total operating revenues per mile of road.....	\$58,993.63	\$54,318.58	\$4,675.05	8.61
Operating expenses.....	\$60,958,635.52	\$57,433,390.16	\$3,525,245.36	6.14
Ratio of operating expenses to operating revenues.....	75.77%	77.16%	1.39%	.....
Operating expenses per mile of road.....	\$44,698.95	\$41,914.23	\$2,784.72	6.64
Net operating revenue .....	\$19,494,514.45	\$16,997,182.91	\$2,497,331.54	14.69
Net operating revenue per mile of road.....	\$14,294.68	\$12,404.35	\$1,890.33	15.24

1926

## LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1926 and 1925

Table 12

COMMODITY	1926		1925	
	TONS	PER CENT.	TONS	PER CENT.
<b>PRODUCTS OF AGRICULTURE:</b>				
Wheat .....	657,280	2.05	774,820	2.76
Corn .....	129,852	.41	169,487	.60
Oats .....	127,217	.40	175,820	.63
Other grain .....	107,274	.34	154,245	.55
Flour and meal.....	966,549	3.02	1,011,132	3.60
Other mill products.....	349,728	1.09	376,642	1.34
Hay, straw and alfalfa.....	163,565	.51	194,637	.69
Tobacco .....	6,837	.02	4,578	.02
Cotton .....	34,010	.11	25,723	.10
Cotton seed and products, except oil.....	5,888	.02	4,105	.01
Citrus fruits.....	13,712	.04	9,474	.03
Other fresh fruits.....	102,280	.32	112,724	.40
Potatoes .....	33,613	.11	59,782	.21
Other fresh vegetables.....	75,499	.24	69,048	.25
Dried fruits and vegetables.....	10,228	.03	10,907	.04
Other products of agriculture.....	90,787	.28	112,448	.40
<b>Total</b> .....	<b>2,874,319</b>	<b>8.99</b>	<b>3,265,572</b>	<b>11.63</b>
<b>PRODUCTS OF ANIMALS:</b>				
Horses and mules.....	770	.00	526	.00
Cattle and calves.....	26,594	.08	26,395	.09
Sheep and goats.....	1,069	.00	1,362	.00
Hogs .....	21,771	.07	24,072	.09
Fresh meats.....	160,137	.50	165,169	.59
Other packing-house products.....	135,748	.43	127,009	.45
Poultry .....	23,281	.07	15,832	.06
Eggs .....	36,019	.11	29,300	.10
Butter and cheese.....	44,873	.14	34,217	.12
Wool .....	8,359	.03	8,291	.03
Hides and leather.....	37,679	.12	32,915	.12
Other products of animals.....	16,424	.05	12,533	.04
<b>Total</b> .....	<b>512,724</b>	<b>1.60</b>	<b>477,621</b>	<b>1.69</b>
<b>PRODUCTS OF MINES:</b>				
Anthracite coal .....	12,349,005	38.61	9,199,133	32.75
Bituminous coal .....	2,413,058	7.54	1,733,356	6.17
Coke .....	220,917	.69	172,176	.61
Iron ore.....	857,639	2.68	900,132	3.20
Other ores and concentrates.....	72,517	.23	79,923	.28
Base bullion and matte.....	22,316	.07	17,971	.07
Clay, gravel, sand and stone.....	1,645,095	5.14	1,626,981	5.79
Crude petroleum .....	312	.00	243	.00
Asphaltum .....	171,750	.54	138,558	.49
Salt .....	319,615	1.00	310,435	1.11
Other products of mines.....	18,424	.06	13,281	.05
<b>Total</b> .....	<b>18,090,648</b>	<b>56.56</b>	<b>14,192,189</b>	<b>50.52</b>

1926

## LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1926 and 1925, Continued

Table 12

COMMODITY	1926		1925	
	TONS	PER CENT.	TONS	PER CENT.
<b>PRODUCTS OF FORESTS:</b>				
Logs, posts, poles and cord wood.....	139,353	.44	105,873	.38
Ties .....	2,056	.01	2,986	.01
Pulp Wood .....	950	.00	606	.00
Lumber, timber, box shooks, staves and headings.....	481,531	1.50	466,224	1.66
Other products of forests.....	41,249	.13	33,005	.12
<b>Total .....</b>	<b>665,139</b>	<b>2.08</b>	<b>608,694</b>	<b>2.17</b>
<b>MANUFACTURES AND MISCELLANEOUS:</b>				
Refined petroleum and its products.....	779,255	2.44	593,282	2.11
Vegetable oils.....	21,308	.07	28,680	.10
Sugar, sirup, glucose and molasses.....	170,203	.53	159,807	.57
Boats and vessel supplies.....	171	.00	185	.00
Iron, pig and bloom.....	227,913	.71	227,924	.81
Rails and fastenings.....	10,779	.03	10,606	.04
Bar and sheet iron, structural iron and iron pipe.....	951,349	2.97	957,529	3.41
Other metals, pig, bar and sheet.....	139,433	.44	143,019	.51
Castings, machinery and boilers.....	99,986	.31	83,412	.30
Cement .....	1,761,619	5.51	1,638,621	5.83
Brick and artificial stone.....	209,755	.65	200,290	.71
Lime and plaster.....	65,855	.21	58,932	.21
Sewer pipe and drain tile.....	2,743	.01	8,408	.03
Agricultural implements and vehicles other than automobiles	43,558	.14	32,207	.12
Automobiles and autotrucks.....	395,053	1.23	289,696	1.03
Household goods and secondhand furniture.....	1,341	.00	3,589	.01
Furniture (new).....	34,648	.11	28,260	.11
Beverages .....	25,868	.08	18,004	.06
Ice .....	105,542	.33	115,622	.41
Fertilizers (all kinds).....	41,873	.13	43,086	.15
Paper, printed matter and books.....	38,311	.12	41,591	.15
Chemicals and explosives.....	261,023	.82	237,545	.85
Textiles .....	11,016	.03	11,371	.04
Canned goods (all canned food products).....	134,078	.42	127,807	.45
Other manufactures and miscellaneous.....	3,463,669	10.83	3,755,555	13.37
<b>Total .....</b>	<b>8,996,349</b>	<b>28.12</b>	<b>8,815,028</b>	<b>31.38</b>
<b>Grand Total, Carload Traffic.....</b>	<b>31,139,179</b>	<b>97.35</b>	<b>27,359,104</b>	<b>97.39</b>
Merchandise—All L. C. L. freight.....	848,497	2.65	731,645	2.61
<b>Grand Total, Carload and L. C. L. Traffic.....</b>	<b>31,987,676</b>	<b>100.00</b>	<b>28,090,749</b>	<b>100.00</b>

## LEHIGH VALLEY RAILROAD COMPANY

## GENERAL REMARKS TO OWNERS OF RAILROAD SECURITIES

For another year the railroads have given the United States what is, undoubtedly, the best transportation service ever offered. Despite the enormous traffic they were called upon to handle, with loadings averaging in excess of a million cars a week, there was no general car shortage and no congestion.

The financial showing made by the railroads as a whole likewise was better than in recent years. However, they did not earn the 5 $\frac{3}{4}$ % on the value of their properties used for transportation purposes, which rate the Interstate Commerce Commission has declared to be fair.

Whether the present position of the railroads can be continued in 1927 is open to question. Business conditions at the beginning of the year seem satisfactory and any serious reduction in traffic is not to be expected. Special factors affecting the railroads particularly, however, serve materially to increase their cost of doing business. There is, for instance, the problem of meeting the wage increases to employees made either voluntarily, through mediation, or as a result of an award of a Board of Arbitration. The 7 $\frac{1}{2}$ % advance awarded to conductors and trainmen alone is expected to increase the annual payroll of the Eastern roads over \$15,000,000, which means, assuming a continuance of the present basis of operating expenses consuming 75% of revenues, that they must have additional gross revenues of \$60,000,000 if their financial showing is to be as good in 1927 as it was in 1926.

Another complication is the steady increase of state and local taxation which, while falling upon all, is a particular burden to the railroads. This is especially true where carriers are confronted with the fact that every improvement they make for the benefit or convenience of the public immediately becomes the cause for increased taxation. Many of these improvements, too, are to be classed as non-revenue producing, that is, while they entail a heavy expenditure to the carriers they do not serve to increase their income or reduce their expenses.

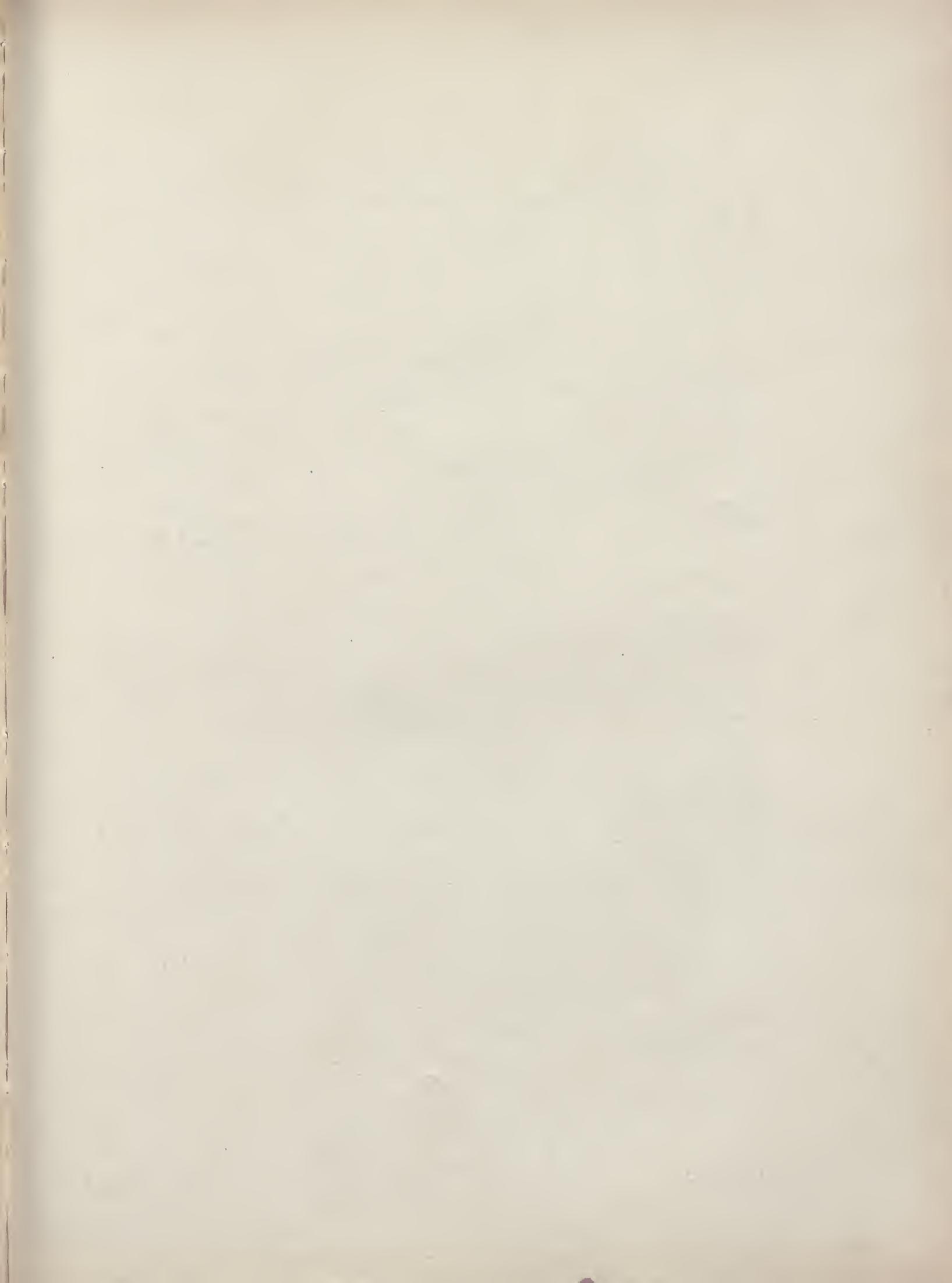
Railroads pay taxes, for instance, which are used in many cases for the construction of improved highways. As the use of these highways increases, there are demands for the separation of their grades from those of railways which may intersect them. A large part of the cost of crossing elimination is imposed upon the railroad company and the resulting new bridge frequently becomes a subject for new taxation.

The nation-wide drive for economy in the expenditures of state and local governments is one warranting the interest and co-operation of all good citizens. This does not indicate any disposition to stand still or retard community development but means that officials charged with the duty of expending public funds are put upon notice that such expenditures must be fully justified and that no suspicion of waste or extravagance will be tolerated.

The legislative situation, from a national point of view, is an encouraging one. Congress has concerned itself with other matters and the transportation industry has benefited. There is still a disposition on the part of some politicians to seek to make questions of freight and passenger rates subjects for legislation rather than judicial determination at the hands of the well-qualified Interstate Commerce Commission, but, fortunately, their efforts have accomplished little. Unmistakable indications from the general public that it was satisfied with existing railroad conditions and did not look with favor upon political interference in the situation has had full effect. That the public will continue this attitude promises much for the railroads and for the prosperity of the country in 1927.

E. E. LOOMIS,  
President.









1926